

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

STARRED QUESTION NO:439  
ANSWERED ON:26.04.2005  
PROBLEMS OF SMALL TEA GROWERS  
Sarma Dr. Arun Kumar

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the problems being faced by the small tea growers throughout the country, region-wise specially in NER;
- (b) the steps contemplated to solve their problems;
- (c) the amount of support price and other incentives granted to tea growers in the country during last three years, State-wise;
- (d) whether any special package on tea industry has been envisaged for supporting Small Tea Growers; and
- (e) if so, the details thereof and by when it is likely to be implemented?

**Answer**

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) Because of their scattered small size holdings, particularly in the North Eastern Region, the small tea growers are by and large unorganized. The growers find it difficult to obtain proper technical help on good crop husbandry practices. Since the small tea growers have no processing facilities of their own, they have to sell their green leaf to private bought leaf factories or estate factories either directly or through leaf collection agents. Until a price sharing formula was introduced last year, the small tea growers were not getting a fair price for their green leaf from the manufacturers of made tea. Many small tea growers, particularly in the North East Region, also do not possess proper land ownership documents.

(b) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (b) to (e) OF LOK SABHA STARRED QUESTION NO. 439 FOR ANSWER ON 26th APRIL, 2005 REGARDING PROBLEMS OF SMALL TEA GROWERS.

(b): A number of steps have been taken by the Government and the Tea Board to help the small tea growers. These include:-

(1) Implementation of a price sharing formula between the small tea growers and manufacturers of tea with effect from 1st April 2004 in order to ensure that the small tea growers get a reasonable share of the price obtained by the manufacturer for made tea. The price sharing formula envisages sharing of the sale proceeds between the green tea leaf supplier and manufacturer in the ratio of 60:40 in all tea growing States except the States of Himachal Pradesh and Uttaranchal, where the sharing is in the ratio of 52:48, so long as the prices realized by the manufacturers remain either at par with or lower than the state average. When the price realization exceeds the state average price, the differential is required to be shared in the ratio of 50:50.

(2) Implementation of a price subsidy scheme for small tea growers for a four month period from February to May 2004, which envisaged payment of a maximum subsidy of Rs.8/- per kg for made tea (which would amount to approximately Rs.2/- per kg for green tea leaf) to the small tea growers having holding upto 10.12 hectares.

(3) A Special Tea Term Loan (STTL) is being implemented which envisages restructuring/rephasing of irregular portion of outstanding term/working capital loans in the tea sector with repayment over 5 to 7 years with a moratorium of one year for small tea growers. STTL also provides for sanctioning of working capital limits upto Rs.2 lakhs at a concessional rate of interest not exceeding 9% per annum for small tea growers.

(c) : No support price is granted to the small tea growers since the price of tea is determined by the demand and supply position. Financial assistance by way of subsidy and grant in aid is extended to small growers for various developmental activities such as new planting, replanting, rejuvenation pruning and infilling the vacancies, creation of irrigation facilities, organizing themselves into self help

groups, participation in the study tours etc. Details of subsidy and other incentives granted to the small tea growers during the last three years are as follows:-

Sl no. Name of the State Financial assistance in the form of subsidy for plantation activity for the year (Rs. in Lakhs)

|                    | 2002-03 | 2003-04 | 2004-05# | Total  |
|--------------------|---------|---------|----------|--------|
| 1 Assam & Tripura  | 198.23  | 229.46  | 129.46   | 557.15 |
| 2 Bihar            | 95.30   | 32.66   | 8.13     | 136.09 |
| 3 Himachal Pradesh | 4.54    | 1.68    | 4.97     | 11.19  |
| 4 Kerala           | 14.50   | 6.18    | 3.67     | 24.35  |
| 5 Manipur          | 9.34    | 22.49   | 5.10     | 36.93  |
| 6 Meghalaya        | 5.22    | 4.36    | 2.75     | 12.33  |
| 7 Mizoram          | -       | -       | 0.52     | 0.52   |
| 8 Nagaland         | 285.76  | 181.97  | 274.38   | 742.11 |
| 9 Tamil Nadu       | 88.85   | 50.47   | 80.58    | 219.90 |
| 10 West Bengal     | 2.47    | 0.43    | 140.21   | 143.11 |

Total 704.21 529.70 649.77 1883.68

Other incentives 124.62 53.33 147.12 325.07

Price Subsidy - - 2085.76 2085.76

Grand total 828.83 583.03 2882.65 4294.51

# Provisional.

Details of the disbursement of the price subsidy are as follows:-

State Amount of subsidy disbursed (Rs. in lakhs)

|                  |         |
|------------------|---------|
| Assam            | 9.39    |
| West Bengal      | 11.32   |
| Himachal Pradesh | 0.90    |
| S. India         | 2064.15 |

Total 2085.76

(d) & (e): In pursuance of the recommendations that emerged at the Stakeholders' Conference on tea held on 16th and 17th September 2004, Government has received a proposal for setting up of a Small Growers Development Directorate within the Tea Board which will be responsible for the development and regulation of the small sector. Through this Directorate, the small growers would be encouraged to organize themselves into producers' societies. Such societies would serve as focal points for the Directorate's extension activities aimed at improving the quality, consistency and price realization for the teas produced by the small growers and for enhancing the export performance from the sector.